

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
NORTHERN DIVISION

UNITED STATES OF AMERICA,

Plaintiff,

v.

ROBERT REZNICK

Defendant.

Criminal No. 19-cr-20148

Honorable Thomas L. Ludington
United States District Judge

Honorable Patricia T. Morris
United States Magistrate Judge

UNITED STATES OF AMERICA’S SENTENCING MEMORANDUM

Despite working as a law enforcement officer, Robert Reznick did not file a tax return for himself or any businesses he operated between 2011-2014. (PSR ¶ 12). In 2015, once he learned that he was likely the target of an IRS investigation, he quickly filed four years’ worth of untimely tax returns and one timely return. (PSR ¶ 12). Yet even these belated returns were incomplete, as Reznick purposely failed to report a portion of his income. (PSR ¶ 13). The income Reznick failed to report was, in part, profits from the sale of firearms and ammunitions to his

large phalanx of reserve officers. Part of the way that Reznick profited from firearms sales to the reserve officers was through fraudulent representation to firearms dealers. Reznick fraudulently represented that the reservists would use the firearms for police purposes, when Reznick knew that they were not for that purpose. (PSR ¶ 10). Reznick often made these representations through fax or other wire communications. (PSR ¶ 10). Reznick's profit from firearm and ammunition sales—some of which Reznick accomplished through the use of wire fraud—and his later failure to pay taxes on those profits and other income resulted in his convictions for wire fraud and tax evasion. Reznick's total tax loss is over \$87,000. (PSR ¶ 12).

Reznick violated the public trust by using his position for personal profit and later failed to pay taxes on those profits and other income. The Court should sentence him to 18 months in federal prison for those crimes.

I. Reznick's Crimes are Aggravated by His Position and Manipulation of the Reserve Officer System

Reznick's crimes flow mostly from his positions as the Village of Oakley Police Chief and the Police Chief for Waterloo Township.

Reznick used these positions for his personal enrichment through both outright illegality and legal but unethical practices.

A. Paying taxes is not hard.

Taxes are a requirement that few take joy in paying but that all recognize as their legal responsibility. It is common knowledge that those with income should file a tax return and that individuals should report all income to the IRS so that one is paying the correct amount to the government in taxes. This is especially obvious when your employment involves enforcement of the law.

Reznick's submission to the Court and his numerous support letters frequently cite to his service in law enforcement as a positive for his character and as a mitigating fact heading into this sentencing. In reality, this factor aggravates the nature of this offense for two reasons. First, the nature of Reznick's position as a chief of police of two law enforcement agencies means that Reznick has higher expectations for his behavior than the general public. Reznick has fallen far short of that standard. Second, Reznick's use of his position for income through the sale of firearms to reservists as well as the reserve program itself

aggravate the nature of this offense.

B. Reznick Mischaracterizes the Nature of the Reserve Program.

Reznick was the police chief for the Village of Oakley between 2008 and March 2018. (PSR ¶ 50). The Village of Oakley had approximately 120 reserve officers. Reznick claims throughout his sentencing memorandum that his work at the Village of Oakley is a positive character trait for him and that the reserve program's design was primarily to benefit the community.

This is wrong because Reznick devised a pay-to-play scheme that primarily benefitted him. The Village of Oakley did not require a 2:1 citizen-to-officer ratio. The Village of Oakley has a population of approximately 273 people. *See* https://factfinder.census.gov/faces/nav/jsf/pages/community_facts.xhtml?src=bkmk (last visited June 22, 2019). Over one-third of the population of Oakley is over 60 years old; another 16 percent of the village is 14 years old or younger. *Id.* That leaves the Village of Oakley with approximately 136 residents between the ages of 15-59. The Village of Oakley has “one party store, two bars, a pair of churches, one hair salon, a tire shop, and

one diner.” <https://www.metrotimes.com/detroit/how-one-police-chief-and-his-110-reserve-officers-have-split-the-village-of-oakley/Content?oid=2306853&storyPage=2>

Oakley is not a small-town Gotham city teeming with crime. There is simply no way that the Village of Oakley was so crime-ridden to warrant over one hundred reserve officers. In fact, one published report indicated that during the first quarter of 2015, Oakley Police received a total of four calls for help. *See* <https://www.theguardian.com/us-news/2015/apr/17/oakley-michigan-pay-to-play-police> (last visited June 22, 2019).

The large number of reserve officers represents Reznick’s strategic manipulation of a reserve police officer system, which appears to have lacked any meaningful regulations. While Reznick’s character letters highlight those who took active part in the reserve program, their experiences are atypical. In reality, many reserve officers never set foot in the Village of Oakley.

Reznick created a pay-to-play system for badges and enhanced concealed carry permits that provided ancillary benefits to the Village of

Oakley. The reserve program's real purpose was to feed Reznick's ego and provide him with access to and favors from some of the most wealthy and powerful individuals in southeast Michigan. The list of reserve officers included business leaders, attorneys, physicians, and even a professional athlete and a musician.

<https://www.metrotimes.com/news-hits/archives/2015/03/11/heres-the-names-of-140-people-who-applied-to-be-an-oakley-reservist>. Witnesses have indicated that Reznick's reserve system provided him with friends who gave him various favors, including rides on a private jet. Reznick's most lucrative recent employment came from a business whose owner was a reserve officer, with Reznick making approximately \$80,000 annually as a security director for MCM Management Company. (PSR ¶ 49).

Oakley department regulations set forth that the reserve officers must initially work eight different eight hour shifts.

<https://www.metrotimes.com/detroit/how-one-police-chief-and-his-110-reserve-officers-have-split-the-village-of-oakley/Content?oid=2306853&storyPage=3>. But many of those reserve

officers interviewed as part of the investigation never set foot once in the Village of Oakley. As one news report noted, only one of the over one hundred twenty reserve officers lived within an hour and a half of the Village of Oakley. <https://www.theguardian.com/us-news/2015/apr/17/oakley-michigan-pay-to-play-police>.

Reznick's attempt to reframe the reserve program as a wholesome program designed to keep Oakley safe and benefit the community is dubious and the Court should treat it with great skepticism.

Reznick did not profit directly from the dues and donations that reserve officers made to the Village of Oakley, and the community received hams and other benefits from the Village's participation in this scheme. The program, however, provided the wealthy and connected with shiny badges and increased firearm privileges, and allowed Reznick to profit both through his association with these individuals and through his sale of firearms and ammunitions. A relatively unregulated system relies even more heavily on the integrity of those placed in public trust, and Reznick failed that test.

II. Reznick's Prior Employment Raises Questions

Reznick highlights his various employment, much of which has consisted of employment as a law enforcement officer. (PSR ¶ 48). However, Reznick also owned a company called Due Process. (PSR ¶ 52). While the PSR indicates that Reznick ceased business with Due Process in 2012, Reznick appears to have indicated to a reporter in 2015 that Due Process was still active but simply not as busy as it had been in the past. <https://www.metrotimes.com/detroit/how-one-police-chief-and-his-110-reserve-officers-have-split-the-village-of-oakley/Content?oid=2306853&storyPage=2>. Between 2007 – 2015, 27 separate federal lawsuits named Reznick as a defendant for his work with Due Process, which included seizing money and property from individuals following judgments. *Id.* Various allegations included strong-arm tactics and harassment, prompting one county to fail to renew Due Process's license based on a "horror story" from one of their previous seizures. Reznick's business dealings and his actions as Oakley's Police Chief raise serious questions about his character.

III. Conclusion

As Reznick has little need for job and educational services and his conviction assures he likely will no longer obtain a position of public trust, the overriding sentencing factors in this case are the need for the sentence to reflect the serious nature of the offense, to provide just punishment, and to deter others from similar conduct. 18 U.S.C. § 3553(a)(2)(A-D). Here, those factors favor a sentence of 18 months' imprisonment. Reznick's use of his position as a police chief to fraudulently obtain lower prices for firearms and his purposeful evasion of taxes by failing to report the firearm and ammunition sales made to the reservists are serious offenses, and others in a position of authority and trust must know that the consequences for using their position for

fraud and personal profit must be clear. A sentence of 18 months in federal prison most appropriately serves those goals.

Respectfully Submitted,

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Dated: June 25, 2019

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CERTIFICATE OF SERVICE

I hereby certify that on June 25, 2019, the foregoing document was electronically filed by an employee of the United States Attorney's Office with the Clerk of the Court using the ECF system which will send notification of such filing to:

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